**City of Knoxville Housing and Neighborhood Development**

**Substantial Amendments to the City of Knoxville’s**

**2019-2020 Annual Action Plan**

**May 19, 2020**

The City of Knoxville Community Development (now Housing and Neighborhood Development) Department completed a Five Year Consolidated Plan in May 2015 that outlined how it intended to use anticipated Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) grant and Emergency Solutions Grant (ESG) from the U.S. Department of Housing and Urban Development (HUD) Planning and Community Development (CPD) division during program years 2015-2019. The City received annual allocations of CDBG and HOME from HUD during these years, and described in an Annual Action Plan how it intended to spend the funds each year. While the City anticipated receiving ESG funds from HUD, it actually received them through the State of Tennessee’s allocation from HUD.

In December 2019, a new coronavirus known as SARS-CoV-2 was first detected in Wuhan, Hubei Province, People’s Republic of China, causing outbreaks of the coronavirus disease COVID-19 that spread globally. The first case was reported in the United States in January 2020. In March 2020, the World Health Organization (WHO) declared the coronavirus outbreak a pandemic and President Trump declared the outbreak a national emergency. During this time, the majority of states have declared states of emergency with most shutting down large gathering places and limiting movements of their residents. Governor Lee declared a state of emergency for the state of Tennessee on March 12, 2020, and Mayor Kincannon declared a state of emergency for the City of Knoxville on March 16, 2020.

On March 27, 2020, President Trump signed the $2.2T Coronavirus Aid, Relief and Economic Security Act (CARES Act) into law. Among other important measures, the CARES Act provisions specific to these amendments include: $5B available in supplemental CDBG funding for grants to prevent, prepare for, and respond to coronavirus (CDBG-CV); Flexibility for CDBG grantees to make it easier to use CDBG-CV grants and fiscal years 2019 and 2020 CDBG grants for coronavirus response and authorized HUD to grant waivers and alternative requirements; $4B available in supplemental ESG funding for grants to prevent, prepare for, and respond to the coronavirus among individuals and families who are homeless or receiving homeless assistance and homelessness prevention activities (including reimbursing allowable costs incurred by states/local governments incurred prior to enactment of this measure); and Certain waivers of HUD requirements were made available. The City of Knoxville was notified by HUD on April 2, 2020, that it would receive $1,036,418 in CDBG-CV and $513,272 in ESG-CV, along with information about flexibility and waivers of certain regulations/requirements.

While the City of Knoxville is currently completing a draft of its program year 2020-2024 / Five Year Consolidated Plan and 2020-2021 Annual Action Plan to fund CDBG, ESG, and HOME to fund projects and activities beginning July 1, 2020, these Amendments are necessary for the City of Knoxville to quickly access the CARES Act CDBG-CV and ESG-CV funding. Thus, the City intends to submit these Amendments to its current program year 2019-2020 Annual Action Plan, ending June 30, 2020, to accept the CARES Act funding and allocate the funds for priority projects and activities that benefit eligible individuals and households residing in the city of Knoxville adversely impacted by the coronavirus/COVID-19. In addition, any remaining uncommitted and/or unspent CDBG and HOME funds from prior program years that can be reallocated to address projects and activities that can help lessen the impacts of the coronavirus/COVID-19 are also included in these Amendments.

These Amendments will also authorize additional changes, including flexibility, waivers, and suspensions of regulations/requirements authorized by HUD that were not specifically identified but will be required to make the changes.

HUD issued a Memorandum to all of its Community Planning and Development (CPD) Field Offices on March 31, 2020, with the purpose of explaining the availability of waivers of certain regulatory requirements associated with several CPD grant programs to prevent the spread of COVID-19 and to facilitate assistance to eligible communities and households economically impacted by COVID-19. The Memorandum also covered waivers of consolidated plan requirements for all CPD formula programs. The City of Knoxville notified HUD on April 2, 2020, that it intended to use the waiver flexibility on/after April 7, 2020, on its Citizen Participation Public Comment Period for Consolidated Plan Amendments and Citizen Participation Reasonable Notice and Opportunity to Comment. In light of these, the City’s Citizen Participation Plan was revised on April 22, 2020.

The City of Knoxville Housing and Neighborhood Development Department provided Notice on May 1, 2020, that the draft Amendments were available on its web page, how to provide input, and that comments would be accepted through May 18, 2020. Upon making a change in how it planned to allocate the funds, the City had a second public Notice published on May 13, 2020, noting specific changes and inviting comment through May 18, 2020. The City received no comments.

**Amendments to the City of Knoxville’s PY2019-2020 Annual Action Plan**

1. Add CDBG-CV as a funding source, through the CARES Act effective March 27, 2020, in the amount of $1,036,418.

2. Add ESG-CV as a funding source, through the CARES Act effective March 27, 2020, in the amount of $513,272.

3. Add Housing Assistance Payments and Housing Counseling under Goal #5 Public Services and allocate $829,135 of the CDBG-CV and $67,760 of the 2019-2020 CDBG funds to this project. These funds support the priority need: Reduce and End Homelessness. The City of Knoxville intends to use these amounts to fund eligible subrecipients to provide Housing Payment Assistance (including rent/mortgage payment(s), rent/mortgage arrearage(s), and/or utility arrearage(s), and housing counseling to an estimated 400 LMI renter and 140 homeowner households in the city of Knoxville in order to prevent homelessness among those impacted by the economic consequences of the coronavirus COVID-19.

4. Add Mobile Meals under goal #5 Public Services and allocate $100,000 of the CDBG-CV funds to this project. These funds support the priority need: Strengthen Neighborhoods and Reduce and End Homelessness. The City intends to fund Knoxville-Knox County Community Action Committee’s Mobile Meals program to benefit 115 households made up of seniors and people with disabilities (Presumed Benefit category) who have been added to the program with the onset of the COVID-19 pandemic in April 2020.

5. Add Homelessness Prevention as a goal (#14) and allocate $278,893 of the ESG-CV funds to this project. These funds will support the priority need: Reduce and End Homelessness. The City of Knoxville intends to use the ESG-CV funds under ESG Homelessness Prevention to fund eligible subrecipients to assist an estimated 170 LMI households, in the city of Knoxville, who are at-risk of homelessness during the COVID-19 pandemic, especially those impacted by the virus’ economic consequences.

6. Add Emergency Shelter/Services and/or Rapid Re-housing as Goals #15 and #16 and allocate $183,052 in ESG-CV funds to these projects. These funds will support the priority need: Reduce and End Homelessness. The City of Knoxville intends to use this amount to fund eligible subrecipients to provide Emergency Shelter/Essential Services, including transitional housing, and/or Rapid Re-housing Services to an estimated 556 individuals/households experiencing homelessness during the COVID-19 pandemic in the city of Knoxville.

7. Allocate $107,283 of the CDBG-CV funds to Goal #1: General Administration. HUD is allowing up to 20% of CDBG-CV funds to be used for administration.

8. Allocate $51,327 of the ESG-CV funds to Goal #1: General Administration. HUD is allowing up to 10% of ESG-CV funds to be used for administration.